

U.S. Department of Education

**Staff Report
to the
Senior Department Official
on
Recognition Compliance Issues**

RECOMMENDATION PAGE

1. **Agency:** North Central Association Of Colleges and Schools, The Higher Learning Commission (1952/2007)

(The dates provided are the date of initial listing as a recognized agency and the date of the agency's last grant of recognition.)

2. **Action Item:** Petition for Continued Recognition

3. **Current Scope of Recognition:** The accreditation and preaccreditation ("Candidate for Accreditation") of degree-granting institutions of higher education in Arizona, Arkansas, Colorado, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, New Mexico, North Dakota, Ohio, Oklahoma, South Dakota, West Virginia, Wisconsin, and Wyoming, including the tribal institutions and the accreditation of programs offered via distance education within these institutions. This recognition extends to the Institutional Actions Council jointly with the Board of Trustees of the Commission for decisions on cases for continued accreditation or reaffirmation, and continued candidacy. This recognition also extends to the Review Committee of the Accreditation Review Council jointly with the Board of Trustees of the Commission for decisions on cases for continued accreditation or candidacy and for initial candidacy or initial accreditation when there is a consensus decision by the Review Committee.

4. **Requested Scope of Recognition:** The accreditation and preaccreditation ("Candidate for Accreditation") of degree-granting institutions of higher education in Arizona, Arkansas, Colorado, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, New Mexico, North Dakota, Ohio, Oklahoma, South Dakota, West Virginia, Wisconsin, and Wyoming, including the tribal institutions and the accreditation of programs offered via distance education and correspondence education within these institutions. This recognition extends to the Institutional Actions Council jointly with the Board of Trustees of the Commission for decisions on cases for continued accreditation or reaffirmation, and continued candidacy, and to the

Appeals Body jointly with the Board of Trustees of the Commission for decisions related to initial candidacy or accreditation or reaffirmation of accreditation.

5. **Date of Advisory Committee Meeting:** June, 2013

6. **Staff Recommendation:** Revise the agency's scope of recognition, as requested. Continue the agency's recognition and require the agency to come into compliance within 12 months, and submit a compliance report that demonstrates the agency's compliance with the issues identified below.

7. **Issues or Problems:** It does not appear that the agency meets the following sections of the Secretary's Criteria for Recognition. These issues are summarized below and discussed in detail under the Summary of Findings section.

-- The agency must provide documentation of implementation of its student achievement standards. [§602.16(a)(1)(i)]

-- The agency must provide documentation of implementation of its curricula standards. [§602.16(a)(1)(ii)]

-- The agency must provide documentation of implementation of its faculty standards. [§602.16(a)(1)(iii)]

-- The agency must provide documentation of implementation of its facilities, equipment, and supplies standards. [§602.16(a)(1)(iv)]

-- The agency must provide documentation of implementation of its fiscal and administrative capacity standards. [§602.16(a)(1)(v)]

-- The agency must provide documentation of implementation of its student support services standards. [§602.16(a)(1)(vi)]

-- The agency must provide documentation of implementation of its recruiting, admissions, and advertising standards. [§602.16(a)(1)(vii)]

-- The agency must provide documentation of implementation of its program length standards. [§602.16(a)(1)(viii)]

-- The agency must provide documentation of implementation of its student complaint standards. [§602.16(a)(1)(ix)]

-- The agency must provide documentation of implementation of its Title IV responsibilities standards. [§602.16(a)(1)(x)]

-- The agency must provide documentation of implementation of its revised transfer of credit policy. [§602.24(e)]

EXECUTIVE SUMMARY

PART I: GENERAL INFORMATION ABOUT THE AGENCY

The Higher Learning Commission (HLC or the agency) is a regional institutional accreditor that accredits (or preaccredits) over 1,000 degree granting institutions in 19 states, tribal institutions and including those programs offered via distance education within these institutions.

Most of the institutions accredited by HLC use the Secretary's recognition of the agency to establish eligibility to participate in the Title IV, HEA student financial assistance programs. Therefore, the agency must meet the separate and independent requirements.

The current recognition of HLC extends to the Institutional Action Council jointly with the Board of Trustees for decision on cases for continued accreditation or reaffirmation, and continued candidacy. The Secretary's recognition also include the Review Committee of the Accreditation Review Council, jointly with the Board of Trustees for decisions on cases for continued accreditation or candidacy and for initial candidacy or initial accreditation when there is a consensus decision by the Review Committee. However, within this petition, the agency is requesting the removal of the Review Committee as a recognized decision-making body and the inclusion of the Appeals Panel.

Recognition History

HLC received initial recognition in 1952 and has received periodic renewal of recognition since that time. The last full review of the agency was conducted in December 2007, at which time the National Advisory Committee on Institutional Quality and Integrity (NACIQI or the Committee) recommended and the Secretary concurred that the agency's recognition be renewed for five years and that it submit an interim report by December 19, 2008 addressing the six issues identified in the staff analysis. The agency submitted its report, as required, but due to the passage of the HEOA, the agency's report was on hold until the NACIQI was reconstituted. Due to the lapse in time, the agency was allowed to submit updated information for review as part of its interim report.

In the interim, in 2009, Department staff conducted a special review of the agency following issuance of an Alert Memorandum by the Office of the Inspector General. Department staff sent the agency a report on the results of its review, which required the agency to develop a corrective action plan. One

element of that plan was a requirement that the agency review and modify, as appropriate, substantive change policies, developing clear written procedures with internal controls consistent with stated procedures to assess exceptional circumstances, and demonstrate implementation of the specific procedures to deal with changes in ownership resulting in a change in control. This information was considered in the review of the interim report by Department staff.

The agency's interim report and its response to the special review, as applicable, were reviewed by NACIQI in December 2010. At that time, the Committee and Department staff recommended that the interim report be accepted and that the agency responded satisfactorily to the requirement contained in the corrective action plan issued by the Department. The Committee and Department staff also found the agency out of compliance with one new regulatory requirement, and recommended the continued recognition of the agency and that it come into compliance within 12 months and submit a compliance report on the one new issue. The senior Department official, Assistant Secretary Eduardo Ochoa, concurred with the recommendations.

The agency's compliance report was reviewed by NACIQI in December 2012 and the Committee and Department staff recommended that the compliance report be accepted. The senior Department official, Acting Assistant Secretary David Bergeron, concurred with the recommendations.

In conjunction with the current petition for recognition, Department staff observed a board meeting in November 2012.

PART II: SUMMARY OF FINDINGS

§602.16 Accreditation and preaccreditation standards

(a) The agency must demonstrate that it has standards for accreditation, and preaccreditation, if offered, that are sufficiently rigorous to ensure that the agency is a reliable authority regarding the quality of the education or training provided by the institutions or programs it accredits. The agency meets this requirement if -

- (1) The agency's accreditation standards effectively address the quality of the institution or program in the following areas:**

(i) Success with respect to student achievement in relation to the institution's mission, which may include different standards for different institutions or programs, as established by the institution, including, as appropriate, consideration of course completion, State licensing examination, and job placement rates.

The agency has clear expectations regarding student achievement in relation to the institution's mission, which are contained within the agency's Criterion Four. Each standard ("criteria") includes core components that provide more specific guidance with regard to expectations in that area.

Core component 4.B states that an institution must demonstrate ongoing activities related to assessment of student learning. This core component further requires that an institution set learning outcomes for each program taking into account goals and mission, determine and implement the assessment mechanism, and use the results to evaluate and improve the program.

Core component 4.C states that an institution must work on improving the graduation, retention, persistence and completion of its students. This core component further requires that an institution set goals for the outcomes taking into account the nature of programs and mission, collect and analyze outcomes data, and use the data improve outcomes, where necessary.

The agency's Federal Compliance Requirement is applicable to all institutions regardless of participation in the Title IV funding program. The agency's Federal Compliance Requirement provides further guidance to institutions as to the types of data necessary to demonstrate compliance. Specifically, the agency informs an institution that it must consider course completion, job placement, licensing examination information and other information as appropriate to the program and to the industry in evaluating whether students are achieving the goals of the program.

The evaluation process requires an institution to submit its student achievement

information and documentation with its self-study and make that information available on-site for verification by the evaluation team. That information and documentation is then examined and evaluated by the evaluators to assess the institution's compliance with the agency's achievement standards. Specifically, the evaluators must determine if institutionally-identified outcomes and goals are appropriate and rigorous; if the institution is identifying and implementing appropriate student learning assessment activities; if the institution is reviewing student learning data and is implementing changes to improve its education delivery; and if the institution is working to improve institutional student outcomes.

The agency provides guidance to institutions and on-site evaluation teams on the development of student achievement assessment mechanisms and the evaluation of institutions' assessment efforts. Specifically, the guidance paper includes six questions that it has determined are fundamental in the review of student learning and assessment. In addition, institutions can join the agency's student learning assessment academy to strengthen their approaches to assessing and improving student learning.

Although the agency provided an example full-cycle accreditation review (self-study, evaluation report, and IAC review) of an institution as documentation of implementation of its student achievement standards, those documents were reviewed under the previous standards, they do not demonstrate implementation of the current standards effective January 1, 2013, which are referenced in the agency's narrative.

In addition, the evaluation reports (provided as evidence for this section and the one provided in Section 602.16(a)(1)(iv)) do not demonstrate that the evaluation teams made a judgment about the appropriateness of the measures of student achievement chosen by the institution, rigor of the goals established by the institution, nor action in response to the evaluation of the assessment mechanism. Both examples provided do not indicate that the institutions have comprehensive student achievement assessment mechanisms in place, and therefore makes it appear that the agency's current measure of success with regard to student achievement is an institution's engagement in the process of reviewing its outcomes data.

Analyst Remarks to Response:

In response to the draft staff analysis, the agency provided additional examples to demonstrate that the evaluation teams make a judgment about the appropriateness of the measures of student achievement chosen by the institution, the rigor of the goals established by the institution, and the action in response to the evaluation of the assessment mechanism. Specifically, these examples included determinations by the evaluation teams and decision-making bodies that the student achievement assessment mechanisms in place were not comprehensive, and additional monitoring and reporting were required. In addition, the agency has revised the instructions to evaluation teams to specifically address the appropriateness, rigor, and the institution's responsive

action of the student achievement assessment mechanism.

The agency indicated that the review under the current standards would also more clearly demonstrate the evaluation of institutions in this area. However, the agency is not yet able to provide complete documentation of implementation of the current standards, effective January 1, 2013, and must do so to demonstrate that the standards effectively address the quality of its institutions in this area.

(a)(1)(ii) Curricula.

The agency provides its expectations regarding curricula in the agency's Criteria 3 and 4. Each standard ("criterion") includes core components that provide more specific guidance regarding the expectations for programs at different levels.

Criterion 3 requires that courses and programs at all levels in degree and non-degree programs and offered residually or via distance education and other modes of delivery are at the appropriate level. Core component 3.B further requires that an institution develop and implement a general education program that is appropriate for the nature and level of programs and the institution's mission. Core component 4.A requires that the institution take responsibility for the education provided and must have procedures in place to conduct program reviews and other mechanisms to ensure educational quality.

Assumed practices B and C set the basic expectations for curricula that support the standards. Specifically, the assumed practices describe the minimum requirements for program length, rigor of work at the graduate level, content and rigor of courses that apply to degrees, and minimum requirements for general education.

The evaluation process requires an institution to submit its curricula information and documentation with its self-study and make that information available on-site for verification by the evaluation team. That information and documentation is then examined and evaluated by the evaluators to assess the institution's compliance with the agency's curricula standards. The agency provides guidance to institutions and on-site evaluation teams regarding curricula, and institutions can attend sessions at the agency's annual conference concerning curricular requirements.

Although the agency provided an example full-cycle accreditation review (self-study, evaluation report, and IAC review) of an institution as documentation of implementation of its curricula standards, those documents are using the previous standards and therefore do not provide documentation of review using the current standards, effective January 1, 2013, which are referenced in the agency's narrative.

Analyst Remarks to Response:

The agency is not yet able to provide complete documentation of implementation of the current standards, effective January 1, 2013, and must do so to demonstrate that the standards effectively address the quality of its institutions in this area.

(a)(1)(iii) Faculty.

The agency provides its expectations regarding faculty in the agency's Criteria 3 and 5. Each standard ("criterion") includes core components that provide more specific guidance regarding the expectations for faculty.

Criterion 5 requires that institutions have sufficient faculty resources to achieve its mission and describe the multiple roles that faculty fulfill to conduct its academic operations. Core component 5.A states that faculty resources must support current educational programs and programs planned for the future. Core component 3.B clearly states additional requirements for faculty, such as sufficiency in number and continuity, regularly evaluated, supported at the institutional level for professional development, and appropriately credentialed.

Assumed practice B sets the basic expectations for faculty that support the standards. Specifically, the assumed practices describe the minimum requirements for faculty credentialing, academic background, and the role of faculty at the institution.

The evaluation process requires an institution to submit its faculty information and documentation with its self-study and make that information available on-site for verification by the evaluation team. That information and documentation is then examined and evaluated by the evaluators to assess the institution's compliance with the agency's faculty standards.

The agency provides guidance to institutions and on-site evaluation teams on the determination of qualified faculty. Specifically, the guidance paper includes direction on the types of policies that institutions should develop concerning the academic credentials required for faculty based on the level of the instruction and which is applicable to all faculty roles, such as adjunct, full-time or those that participate in distance education. In addition, institutions can attend sessions at the agency's annual conference concerning faculty requirements.

Although the agency provided an example full-cycle accreditation review (self-study, evaluation report, and IAC review) of an institution as documentation of implementation of its faculty standards, those documents are using the previous standards and therefore do not provide documentation of review using the current standards, effective January 1, 2013, which are referenced in the

agency's narrative.

Analyst Remarks to Response:

The agency is not yet able to provide complete documentation of implementation of the current standards, effective January 1, 2013, and must do so to demonstrate that the standards effectively address the quality of its institutions in this area.

(a)(1)(iv) Facilities, equipment, and supplies.

The agency provides its expectations regarding facilities, equipment, and supplies in the agency's Criteria 3, 4, and 5. Each standard ("criterion") includes core components that provide more specific guidance regarding the expectations for facilities, equipment, and supplies.

Criterion 5 requires that institutions have sufficient facilities, equipment, and supplies resources to achieve its mission. Core component 5.A states that facilities, equipment, and supplies resources must support current educational programs and programs planned for the future, to include physical and technological infrastructure sufficient to support an institution's operations whether residential, off-campus, distance or correspondence education. Institutions must also ensure that facilities, equipment, and supplies resources meet health and safety requirements, and have plans for the maintenance and improvement of such resources.

Core component 3.D states that institutions must use its facilities, equipment, and supplies resources to support student learning and effective teaching. Core component 4.A also requires that an institution must provide timely access to the resources that support learning including libraries and other resources.

The evaluation process requires an institution to submit its facilities, equipment, and supplies information and documentation with its self-study and make that information available on-site for verification by the evaluation team. The agency's on-site evaluation teams review the self-study and examine facilities, equipment, and supplies to verify that they are appropriate and adequate to an institution's mission and objectives for all modes of delivery.

The agency provides guidance to institutions and on-site evaluation teams on how to evaluate self-studies to determine compliance with its standards with respect to facilities, equipment, and supplies. In addition, institutions can attend sessions at the agency's annual conference concerning facilities, equipment, and supplies requirements.

Although the agency provided an example full-cycle accreditation review (self-study, evaluation report, and IAC review) of an institution as documentation

of implementation of its facilities, equipment, and supplies standards, those documents are using the previous standards and therefore do not provide documentation of review using the current standards, effective January 1, 2013, which are referenced in the agency's narrative.

Analyst Remarks to Response:

The agency is not yet able to provide complete documentation of implementation of the current standards, effective January 1, 2013, and must do so to demonstrate that the standards effectively address the quality of its institutions in this area.

(a)(1)(v) Fiscal and administrative capacity as appropriate to the specified scale of operations.

The agency provides its expectations regarding fiscal and administrative capacity in the agency's Criteria 3 and 5. Each standard ("criterion") includes core components that provide more specific guidance regarding the expectations for financial stability and administrative capacity of an institution to accomplish its mission and meet its responsibilities to students.

Criterion 5 requires that institutions have resources to fulfill its mission and have appropriate and effective administrative structures. The core components include more specific requirements that the institution have sufficient resources, to include fiscal, governance, and administrative, to achieve its mission presently and in the future. In addition, the institution must budget and plan for the future to ensure that fiscal and other resources are sufficiently stable for continuity of support.

Assumed practices A and D set the basic expectations for fiscal and administrative capacity that support the standards. Specifically, the assumed practices describe the minimum requirements for financial stability, budgeting, and administrative roles and responsibilities.

The evaluation process requires an institution to submit its fiscal and administrative capacity information and documentation with its self-study ("systems portfolio" in the AQIP process) and make that information available on-site for verification by the evaluation team. That information and documentation is then examined and evaluated by the evaluators to assess the institution's compliance with the agency's fiscal and administrative capacity standards. The agency provides guidance to institutions and on-site evaluation teams on the determination of fiscal and administrative capacity. In addition, institutions can attend sessions at the agency's annual conference concerning fiscal and administrative capacity requirements.

Although the agency provided an example full-cycle accreditation review

(self-study, evaluation report, and IAC review) of an institution as documentation of implementation of its fiscal and administrative capacity standards, those documents are using the previous standards and therefore do not provide documentation of review using the current standards, effective January 1, 2013, which are referenced in the agency's narrative.

Analyst Remarks to Response:

The agency is not yet able to provide complete documentation of implementation of the current standards, effective January 1, 2013, and must do so to demonstrate that the standards effectively address the quality of its institutions in this area.

(a)(1)(vi) Student support services.

The agency provides its expectations regarding student support services in the agency's Criterion 3. Each standard ("criterion") includes core components that provide more specific guidance regarding the expectations for student support services, to include student advising, records management, etc., regardless of location or delivery mode.

Core component 3.C requires that institutions have student support services to support student learning, and that students have access to appropriate resources no matter the mode of delivery. These student support services include academic advising, entrance/exit counseling, etc. Core component 3.D includes specific requirements that the student support services are provided by qualified staff members, who receive initial training and on-going professional development.

Assumed practices A.3 and B.3 set the basic expectations for ethics, to include student records, as well as the foundational expectation for student support services, to include financial aid advising.

The evaluation process requires an institution to submit its student support services information and documentation with its self-study and make that information available on-site for verification by the evaluation team. That information and documentation is then examined and evaluated by the evaluators to assess the institution's compliance with the agency's student support services standards. The agency provides guidance to institutions and on-site evaluation teams on the determination of student support services compliance with standards. In addition, institutions can attend sessions at the agency's annual conference concerning student support services requirements.

Although the agency provided an example full-cycle accreditation review (self-study, evaluation report, and IAC review) of an institution as documentation of implementation of its student support services standards, those documents

are using the previous standards and therefore do not provide documentation of review using the current standards, effective January 1, 2013, which are referenced in the agency's narrative.

Analyst Remarks to Response:

The agency is not yet able to provide complete documentation of implementation of the current standards, effective January 1, 2013, and must do so to demonstrate that the standards effectively address the quality of its institutions in this area.

(a)(1)(vii) Recruiting and admissions practices, academic calendars, catalogs, publications, grading, and advertising.

The agency provides its expectations regarding recruiting, admissions, and advertising in the agency's Criteria 1, 2, and 4. Each standard ("criterion") includes core components that provide more specific guidance regarding the expectations for recruiting, admissions, and advertising, to require accuracy and comprehensiveness of the information provided to prospective students and the public.

Criterion One provides the expectation that an institution's mission demonstrate commitment to the public good and Criterion Two states that an institution must act with integrity in all its functions, to include recruiting and admissions. Core component 2.A further requires an institution to adopt and follow fair and ethical policies and practices, which includes recruiting and admissions policies, practices and methods. Core component 2.B requires an institution to provide students, through its catalog, website, advertising or other publications, with accessible and accurate information. Core component 4.A requires an institution to demonstrate responsibility for the quality of its programs, including job preparation.

Assumed practices A.2, A.4, and A.7 set the basic expectations for the expected ethical and responsible conduct of institutions in the areas of recruiting, admissions, and advertising.

The agency's Federal Compliance Requirement is applicable to all institutions regardless of participation in title IV, HEA programs, and provides further guidance to institutions as to the specific information provided to students. Specifically, the agency states that it an institution must demonstrate that it provides fair, accurate, and accessible information in catalogs and other institutional publications about the institution's calendar, grading policies and practices, and admissions and information regarding all its academic program requirements.

The evaluation process requires an institution to submit its recruiting,

admissions, and advertising information and documentation with its self-study and make that information available on-site for verification by the evaluation team. That information and documentation is then examined and evaluated by the evaluators to assess the institution's compliance with the agency's recruiting, admissions, and advertising standards. The agency provides guidance to institutions and on-site evaluation teams on the determination of recruiting, admissions, and advertising compliance with standards.

Although the agency provided an example full-cycle accreditation review (self-study, evaluation report, and IAC review) of an institution as documentation of implementation of its recruiting, admissions, and advertising standards, those documents are using the previous standards and therefore do not provide documentation of review using the current standards, effective January 1, 2013, which are referenced in the agency's narrative.

Analyst Remarks to Response:

The agency is not yet able to provide complete documentation of implementation of the current standards, effective January 1, 2013, and must do so to demonstrate that the standards effectively address the quality of its institutions in this area.

(a)(1)(viii) Measures of program length and the objectives of the degrees or credentials offered.

The agency provides its expectations regarding program length in the agency's Criterion 3. Each standard ("criterion") includes core components that provide more specific guidance regarding the expectations for program length and the objectives of the degrees or credentials.

Core Component 3.A requires that an institution's programs must be appropriate for higher education. The sub-components further require that the course performance levels must be appropriate for the degree or certificate awarded at all levels.

Assumed practices B.1.a and B.1.e sets the basic expectations for an institution to conform to commonly-accepted minimum program lengths, such as 120 semester hours for a baccalaureate degree, 60 semester hours for an associate's degree, etc., and require that courses that carry academic credit toward college-level credentials have content and rigor appropriate to that program.

The agency's Federal Compliance Requirement is applicable to all institutions regardless of participation in title IV, HEA programs, and provides further guidance to institutions as to the evaluation of program length and objectives. Specifically, the agency states that it an institution must be able to euate

learning objectives and experiences in courses and programs with semester or quarter credit hours in keeping with good practice in higher education, and justify the length of its programs, benchmarking its program length in a particular discipline or field, as well as the amount of time invested in the program by the student, the instructional time, learning objectives, and the content mastered.

The evaluation process requires an institution to submit its program length information and documentation with its self-study and make that information available on-site for verification by the evaluation team. That information and documentation is then examined and evaluated by the evaluators to ensure that the institution's program length and objectives allow students to achieve the necessary skills, knowledge, and abilities, and are appropriate and adequate to an institution's mission and objectives for all modes of delivery. The agency provides guidance to institutions and on-site evaluation teams on the determination of program length compliance with standards.

Although the agency provided an example full-cycle accreditation review (self-study, evaluation report, and IAC review) of an institution as documentation of implementation of its program length standards, those documents are using the previous standards and therefore do not provide documentation of review using the current standards, effective January 1, 2013, which are referenced in the agency's standards.

Analyst Remarks to Response:

The agency is not yet able to provide complete documentation of implementation of the current standards, effective January 1, 2013, and must do so to demonstrate that the standards effectively address the quality of its institutions in this area.

(a)(1)(ix) Record of student complaints received by, or available to, the agency.

The agency provides its expectations regarding student complaints in the agency's Federal Compliance Requirement, which requires institutions to maintain a record of student complaints.

The agency's Federal Compliance Requirement is applicable to all institutions regardless of participation in title IV, HEA programs. Specifically, the agency states that it an institution must include the nature of the complaints received, how and by what timetable they were processed by the institution, and how the processing meets the institution's policies and procedures related to the handling of student complaints.

Assumed practice A.4 sets the basic expectations for institutions regarding receipt and processing of complaints and grievances from students and other

constituencies. Institutions are expected to respond to complaints in a timely manner and to analyze them to improve its processes.

The evaluation process requires an institution to submit its student complaint information and documentation with its self-study and make that information available on-site for verification by the evaluation team. That information and documentation is then examined and evaluated by the evaluators to assess the institution's compliance with the agency's student complaint policies, and whether the nature, substance or pattern of the complaints provide any information relevant to the institution's compliance with the agency's standards or other requirements.

The agency provides guidance to institutions and on-site evaluation teams on the determination of student complaint compliance with agency policy within its federal compliance guide. In addition, institutions can attend sessions at the agency's annual conference concerning student complaint requirements.

Although the agency provided an example full-cycle accreditation review (self-study, evaluation report, and IAC review) of an institution as documentation of implementation of its student complaint standards, those documents are using the previous policies and therefore do not provide documentation of review using the current policy, effective June 2012, which is referenced in the agency's narrative.

Analyst Remarks to Response:

The agency is not yet able to provide complete documentation of implementation of the current standards and policy, effective January 2013 and June 2012, respectively, and must do so to demonstrate that the standards effectively address the quality of its institutions in this area.

(a)(1)(x) Record of compliance with the institution's program responsibilities under Title IV of the Act, based on the most recent student loan default rate data provided by the Secretary, the results of financial or compliance audits, program reviews, and any other information that the Secretary may provide to the agency; and

The agency provides its expectations regarding Title IV responsibilities in the agency's Federal Compliance Requirement, which requires an institution to notify the agency of Title IV program participation and loan default rates. Institutions are also required to notify the agency regarding any audits or program reviews regarding Title IV participation, as well as any findings, actions, or resolutions.

The agency's Federal Compliance Requirement is applicable to all institutions regardless of participation in title IV, HEA programs, but also requires an

institution participating in those programs be in compliance with all the provisions of the Higher Education Act. Specifically, the agency states that an institution must disclose to the agency all relevant information about its Title IV compliance, including the most recent or three-year default rate, results of the Department's program reviews, and the Department's review of the institution's financial audit and its compliance with financial responsibility regulations.

The evaluation process requires an institution to submit its Title IV responsibilities information and documentation with its self-study and make that information available on-site for verification by the evaluation team. That information and documentation is then examined and evaluated by the evaluators to assess the institution's compliance with the agency's Title IV responsibilities policies.

The agency provides guidance to institutions and on-site evaluation teams on the determination of Title IV responsibilities compliance with agency policy within its federal compliance guide. In addition, institutions can attend sessions at the agency's annual conference concerning Title IV responsibilities requirements.

Although the agency provided an example full-cycle accreditation review (self-study, evaluation report, and IAC review) of an institution as documentation of implementation of its Title IV responsibilities standards, those documents are using the previous policies and therefore do not provide documentation of review using the current policy, effective June 2012, which is referenced in the agency's narrative.

Analyst Remarks to Response:

The agency is not yet able to provide complete documentation of implementation of the current standards and policy, effective January 2013 and June 2012, respectively, and must do so to demonstrate that the standards effectively address the quality of its institutions in this area.

§602.24 Additional procedures certain institutional accreditors must have.

If the agency is an institutional accrediting agency and its accreditation or preaccreditation enables those institutions to obtain eligibility to participate in Title IV, HEA programs, the agency must demonstrate that it has established and uses all of the following procedures:

(e) Transfer of credit policies.

The accrediting agency must confirm, as part of its review for initial accreditation or preaccreditation, or renewal of accreditation, that the institution has transfer of credit policies that--

- (1) Are publicly disclosed in accordance with §668.43(a)(11); and**
- (2) Include a statement of the criteria established by the institution regarding the transfer of credit earned at another institution of higher**

education.

(Note: This criterion requires an accrediting agency to confirm that an institution's teach-out policies are in conformance with 668.43 (a) (11). For your convenience, here is the text of 668.43(a) (11):

“A description of the transfer of credit policies established by the institution which must include a statement of the institution's current transfer of credit policies that includes, at a minimum –

(i) Any established criteria the institution uses regarding the transfer of credit earned at another institution; and

(ii) A list of institutions with which the institution has established an articulation agreement.”)

The agency's standards include a transfer of credit policy that requires an institution's public disclosure of its policy as well as the criteria established by the institution regarding transfer of credit earned at another institution. What is not clear is that the agency's standards and policies in this area require the public disclosure of a list of institutions or programs with which the institution has established an articulation agreement.

The example provided demonstrates that the agency evaluates its institutions regarding the public disclosure of its transfer of credit policy, but does not demonstrate that it requires the specific disclosures required by this section.

Analyst Remarks to Response:

In response to the draft staff analysis, the agency revised its transfer of credit policy and procedures to require the public disclosure of a list of institutions or programs with which the institution has established an articulation agreement, as required by this section. However, as the policy is new, the agency does not have documentation of implementation.

PART III: THIRD PARTY COMMENTS

The Department did not receive any written third-party comments regarding this agency.